

Message Text

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ACTION EA-09

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FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC PRIORITY 1986

C O N F I D E N T I A L BANGKOK 22676

EO 11652: GDS

TAGS: MILI, TH

SUBJ: GERSON AND SONS CLAIM, CONTRACT NO. 63008-72-0032, DOI
INTHANON ACCESS ROAD

REF: (A) STATE 189589 (B) BANGKOK 18999

1. FOLLOWING UP PREVIOUS CONVERSATIONS ON SUBJECT, CHIEF
JUSMAG RAISED QUESTION OF GERSON CLAIM TWICE AUGUST 9 WITH
GENERAL KRIANGSAK CHOMANAN, ASSISTANT SUPREME COMMANDER,
ROYAL THAI ARMED FORCES. RESULTS CONFIRMED OUR BELIEF THAT THERE
IS NO WAY RTG WILL BE AMENABLE TO PAYING GERSON ANYTHING.
APPROACH WAS MADE FIRST TO ASK THAT RTG ASSUME THE ENTIRE
INCREASED COST OF CONSTRUCTION, THEN TO REQUEST THAT WE SHARE
THE COSTS UNDER A FORMULA SUCH AS THAT SUGGESTED REFTEL.
KRIANGSAK WAS COMPLETELY NEGATIVE TO BOTH THESE APPROACHES.

2. BALANCING OFF OUR DESIRE TO SETTLE GERSON CLAIM ONCE AND
FOR ALL IS SUPREME COMMAND COMPLAINT THAT GERSON PERFORMANCE
ON CONTRACT WAS LESS THAN SATISFACTORY. PROBLEM AROSE AFTER
COMPLETION OF CONSTRUCTION, WHEN THAI REFUSED TO ACCEPT ROAD
FRUM US UNTIL WE WERE PREPARED TO TURN OVER TO THEM ENTIRE
DOI INTHANON FACILITY. ALTHOUGH WE REFUSED TO PLAY THAT GAME,
BY THE TIME RTG DID TAKE IT OVER, THERE HAD BEEN LANDSLIDES AND
MINOR DETERIORATION WHICH SUPREME COMMAND SAID WOULD COST \$1.5
MILLION TO REPAIR. MISSION BELIEVES THAI ARE EXAGGERATING
GRAVITY OF SITUATION AND, IN ANY CASE, CONSIDERS OUR ROLE
TO BE LONG TERMINATED ON THIS SCORE.

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3. RECOMMENDATION: THAT USG SETTLE GERSON'S CLAIM. EMBASSY STRONGLY DOUBTS THAT RAISING MATTER WITH MFA OR ANOTHER PART OF RTG WILL BE ANY MORE SUCCESSFUL AND WILL RESULT ONLY IN CONTINUATION OF SHOUTING MATCH OVER ALLEGED REPAIR BILL. IF GERSON CLAIM NOT SETTLED SOON, IT IS FAIRLY CERTAIN THAT EITHER HE WILL SUE US OR GO BANKRUPT AND BLAME US, WHICH WILL NOT BE WORTH THE RESULTING HEADACHES SINCE WE HAVE ALREADY FOUND HIS CLAIM TO BE VALID.

WHITEHOUSE

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